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STATE FARM GENERAL INSURANCE COMPANY

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

WILLIAM TONG; and MALINEE  
DIBBAYAWAN,

Plaintiffs,

vs.

STATE FARM GENERAL  
INSURANCE COMPANY; and DOES  
1 to 10,

Defendants.

) Case No.: 2:24-cv-02219-DSF-MAR

) **DISCOVERY MATTER**

) Magistrate Judge Margo A. Rocconi

) **MEMORANDUM OF POINTS AND**  
) **AUTHORITIES SUPPORTING**  
) **DEFENDANT STATE FARM**  
) **GENERAL INSURANCE**  
) **COMPANY'S MOTION TO ENTER**  
) **PROTECTIVE ORDER**

) *Filed concurrently with:*

- ) • *Notice of Motion*
- ) • *Request for Judicial Notice*
- ) • *Declaration of Daniel T. Balmat*
- ) • *Declaration of Sandra E. Stone*
- ) • *Declaration of John Carter*
- ) • *Declaration of Christopher Thomas*
- ) • *[Proposed] Order*

) **--OPPOSED--**

) Date: January 15, 2025

) Time: 11:00 a.m.

) Courtroom: 790

) Complaint filed: March 19, 2024

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**I. INTRODUCTION**

Defendant State Farm General Insurance Company (“State Farm”) has produced numerous non-confidential, non-proprietary documents in response to several sets of requests by plaintiffs William Tong and Malinee Dibbayawan (“Plaintiffs”). State Farm has indicated it will produce responsive, relevant confidential and proprietary documents – including documents related to State Farm’s internal procedures and guidelines for training claim personnel to evaluate water loss claims like the Plaintiffs’ claim – once an appropriate protective order has been entered.

To this end, State Farm has proposed using the Court’s model protective order with reasonable modifications. These modifications would prevent the parties and their counsel from providing confidential documents to non-parties absent a court order and would require the parties and their counsel to certify that they have complied with the requirements of the protective order, particularly regarding disposal of documents post-litigation. Plaintiffs have rejected State Farm’s proposed revisions out of hand, without any meaningful explanation, contending simply that they are unnecessary or improper, and insist on using the unmodified model order.

The revisions State Farm has proposed are necessary to prevent other litigants from improperly obtaining confidential information subject to a protective order in exactly the manner Plaintiffs’ counsel attempted in this litigation. In this case, Plaintiffs issued a subpoena to a lawyer representing the plaintiffs in a separate case against State Farm to obtain documents subject to a protective order in that other action, including documents inadvertently produced by State Farm. It was only after State Farm threatened and prepared an *ex parte application* to stop the production of those documents via subpoena that Plaintiffs’ counsel agreed to withdraw the subpoena. State Farm has also encountered challenges from Plaintiffs’ counsel in certifying compliance with protective orders in other matters,

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1 and Plaintiffs' counsel has felt free to describe and share information learned from  
2 confidential documents and deposition testimony in other cases and, by his own  
3 admission, among the plaintiffs' bar more generally, with as many as 50 other  
4 lawyers.

5 The protective order proposed by State Farm will not prevent the Plaintiffs  
6 from pursuing their case in any way and will better protect State Farm's  
7 confidential information than the unmodified model order. State Farm requests the  
8 Court enter the order proposed by State Farm to allow State Farm to produce the  
9 documents it has said it will produce, allowing Plaintiffs to proceed with their case.

## 10 **II. FACTS**

### 11 **A. Plaintiffs Seek Documents Containing State Farm's Confidential,** 12 **Proprietary Trade Secret Information**

13 In this action, Plaintiffs' Complaint sought insurance coverage for property  
14 damage caused by a water loss at the Plaintiffs' home in Santa Clarita, California,  
15 on March 3, 2024. State Farm had denied the claim. [Doc. No. 1 (Complaint), ¶  
16 11.]. After the lawsuit was filed and depositions were completed by Plaintiffs of  
17 the person who handled Plaintiffs' claim and of that claim handler's manager, State  
18 Farm extended coverage on the claim. State Farm also issued payments to  
19 Plaintiffs for the purported damage to the property. Payment was based entirely on  
20 Plaintiffs' Initial Disclosure and Amended Disclosure of damages. Consequently,  
21 it is believed that Plaintiffs have been fully provided all contract benefits owed  
22 under the policy for the loss.

23 Plaintiffs have served multiple requests for production that seek documents  
24 containing State Farm's confidential, proprietary business information. Such  
25 documents include documents related to State Farm's procedures and guidelines  
26 for handling claims generally, and water loss claims in particular, which Plaintiffs  
27 refer to variously as "Water Initiative" or "Water Plan" or "Water Board"  
28 documents. [Declaration of Daniel T. Balmat ("Balmat Decl."), ¶ 2, **Exh. A**, nos.

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11, 19-21, 28, 29, 31, 33-38, 43-44; ¶ 3, **Exh. B**, *see especially* nos. 66-68; ¶ 4, **Exh. C**.

The documents sought by Plaintiffs contain sensitive and secret commercial information. The procedures, training and guidelines are confidential, intended for use only by State Farm claim personnel. [*See, e.g.*, Declaration of Christopher Leunen Thomas, (“Thomas Decl.”), ¶¶ [PARAS.]. Declaration of John Carter, (“Carter Decl.”), ¶¶ [PARAS.]] The documents at issue contain commercial information which was developed by State Farm and belongs to State Farm. [Thomas Decl., ¶¶ [PARAS.]; Carter Decl., ¶¶ [PARAS.].] The information in the documents is sensitive; dissemination of these documents would harm State Farm’s competitiveness. [Thomas Decl., ¶¶ [PARAS.]., Carter Decl., ¶¶ [PARAS.].]

State Farm already produced responsive relevant, non-confidential and/or non-trade secret documents, and has responded it will produce responsive protected documents pursuant to and following the entry of an appropriate protective order. [Balmat Decl., ¶¶ 2-4, **Exhs. A, B, C**.]

**B. Plaintiffs Have Rejected State Farm’s Proposed Revisions to the Court’s Model Protective Order**

Plaintiffs have proposed using this Court’s model protected order, unchanged except for the caption page. [Balmat Decl., ¶ 5, **Exh. D**.] However, the model order does not address the specific issues or concerns presented in this case. On September 17, 2024, State Farm first proposed revisions to the model protective order designed to address those issues. [Balmat Decl., ¶¶ 6,7, **Exhs. E, F**.] State Farm’s revisions included an added paragraph 7.3, which requires counsel for a receiving party to certify it has complied with the provisions of the protective order upon request of a designating party, and a revised paragraph 10 which provides that confidential information can be used only for purposes of the instant action and cannot be disseminated absent a court order.

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1 Plaintiffs’ counsel’s immediate response was to reject these revisions out of  
2 hand as “unnecessary, ambiguous, and contrary to the form required by the Court.”  
3 [Balmat Decl., ¶ 6, **Exh. E.**] After additional meet and confer efforts, State Farm  
4 provided another modified version of the model order. [Balmat Decl., ¶ 7, **Exh.**  
5 **G.**] However, Plaintiffs once again rejected these modifications out of hand,  
6 maintaining State Farm’s revisions were improper – without specifying how – and  
7 because the Court ostensibly “prefers” the model order. [*Id.*]. A red-line version  
8 of the proposed Stipulated Protective Order showing State Farm’s modifications is  
9 attached to the Declaration of Daniel T. Balmat as **Exhibit H**.

10 **C. State Farm’s Proposed Revisions to the Model Order are**  
11 **Necessary to Prevent Plaintiffs from Improperly Retaining**  
12 **Confidential Documents or Providing them in Other Cases**

13 While meet and confer efforts were continuing, Plaintiffs issued a subpoena  
14 to a third party, attorney Sander Dawson, who represents the plaintiffs in a separate  
15 action against State Farm pending in the Southern District, *Jennifer Mojica, et al.*  
16 *v. State Farm General Insurance Company*, case number 3:22-cv-10997-L (the  
17 “*Mojica* action”) (the “Subpoena”). Like the document requests served in this case  
18 and to which State Farm has responded it will produce documents, the Subpoena  
19 sought purported “Water Loss Initiative” documents and documents related to how  
20 State Farm handles water loss claims. [Balmat Decl. ¶ 10, **Exh. I.**] These  
21 documents include confidential documents State Farm produced to Attorney  
22 Dawson pursuant to a protective order in the *Mojica* action, including non-  
23 responsive confidential documents State Farm inadvertently produced to Attorney  
24 Dawson.

25 State Farm objected to the Subpoena in this action on the ground that it did  
26 not seek Attorney Dawson’s records but instead sought confidential documents  
27 State Farm produced to Attorney Dawson pursuant to the protective order in the  
28 *Mojica* action. [Balmat Decl., ¶ 11, **Exh. J.**] State Farm also emphasized that its

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1 revisions to the model order were necessary to ensure compliance, based on its  
2 understanding that Plaintiffs' counsel had failed to comply with protective orders  
3 in other cases. [Balmat Decl., ¶ 12, **Exh. K.**] In response, Plaintiffs' counsel  
4 claimed ignorance as to what violations State Farm's counsel referred. [*Id.*]  
5 However, on September 20, 2024, Plaintiffs' counsel e-mailed State Farm's  
6 counsel in two other actions, *Wise & Marks v. State Farm*, N.D. Cal. Case No.  
7 4:23-cv-00163-HSG, and *Monego*, purporting to certify that all confidential  
8 documents produced in those actions had been disposed of pursuant to the  
9 requirements of the protective order in that action. [Balmat Decl., ¶ 13, **Exh. L.**]  
10 That certification came months after Plaintiffs' counsel was obligated to provide it  
11 under the terms of the protective order in the *Wise* and *Monego* cases, and after  
12 extensive meet and confer efforts by State Farm's counsel. [Declaration of Sandra  
13 E. Stone ("Stone Decl."), *see especially* ¶ 34.]

14 Ultimately, Plaintiffs withdrew the Subpoena after State Farm indicated it  
15 intended to move *ex parte* to quash it. [Balmat Decl., ¶ 14, **Exh. M.**]

16 **III. THE COURT SHOULD ENTER THE PROTECTIVE ORDER**  
17 **PROPOSED BY STATE FARM**

18 The Court "has the right and responsibility to control the broad outline of  
19 discovery." [Clark v. Metropolitan Life Ins. Co. \(C.D. Cal. 2017\) 2017 WL](#)  
20 [10589997, at \\*3](#). Under Federal Rule of Civil Procedure 26(c), State Farm can  
21 seek, and the Court can issue a protective order. Fed. Rule Civ. Proc. 26(c) ("The  
22 court may, for good cause, issue an order to protect a party or person from  
23 annoyance, embarrassment, oppression, or undue burden or expense, including ...  
24 (G) requiring that a trade secret or other confidential research, development, or  
25 commercial information not be revealed or be revealed only in a specified way.");  
26 *see Nutratech, Inc. v. Syntech (SSPF) Int'l, Inc. (C.D. Cal. 2007) 242 F.R.D. 552,*  
27 [555, fn. 4](#).

28 To obtain a protective order, the party seeking limitations on discovery must



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1 make a clear showing for a particular and specific need for the order. Blankenship  
2 v. Hearst Corp. (9<sup>th</sup> Cir. 1975) 519 F.2d 418, 429. The party seeking the order can  
3 make the necessary showing of a specific injury

4 The documents sought by Plaintiffs contain sensitive and secret commercial  
5 information. [Thomas Decl., ¶¶ 4-8; Carter Decl., ¶¶ 5-7.] The documents at  
6 issue contain commercial information which was developed by State Farm and  
7 belongs to State Farm. [Thomas Decl., ¶¶ 4, 10-11; Carter Decl., ¶¶ 8-9.] The  
8 information in the documents is sensitive; dissemination of these documents would  
9 harm State Farm's competitiveness. [Thomas Decl., ¶¶ 9-11.; Carter Decl., ¶¶ 10-  
10 12.] This is precisely the kind of situation for which F.R.C.P. 26 provides.

11 Although the Court's model protective order generally protects documents,  
12 it is not tailored to this case and does not protect documents to the extent or in the  
13 manner State Farm believes is necessary. This includes preventing in future cases  
14 exactly what the Plaintiffs tried to accomplish with the Subpoena, *i.e.*, improperly  
15 obtaining documents subject to a protective order simply by issuing a subpoena to  
16 a friendly fellow plaintiffs' attorney. Relatedly, the revisions to the model order  
17 also are necessary to ensure Plaintiffs' compliance with the protective order after  
18 the case has been resolved.

19 An appropriate protective order would prevent the party to whom the  
20 confidential documents are produced from using the documents in other litigation  
21 or volunteering them to any third party absent a court ordering the production over  
22 State Farm's objections. An appropriate protective order is necessary so plaintiffs  
23 in other actions cannot obtain materials to which they may not otherwise be  
24 entitled and cannot obtain confidential documents without them being subject to a  
25 protective order, and to avoid perpetuating the same improper discovery tactics  
26 from the plaintiffs' bar. For these reasons, State Farm has proposed reasonable  
27 revisions to the court's model protective order to ensure that confidential  
28 documents are used for purposes of this litigation, not volunteered to other counsel

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1 in other cases involving other issues, and that documents are destroyed upon the  
2 conclusion of this litigation.

3 Plaintiffs have simply rejected the revisions State Farm has proposed out of  
4 hand, without saying more than they believe that the provisions are unnecessary  
5 and confusing, and contesting State Farm's position that the model protective order  
6 is exactly that, a model which the parties may tailor to an individual case as  
7 necessary. To the extent the Plaintiffs believe State Farm's revisions are simply  
8 superfluous to the language in the model order, there is no reason not to agree to  
9 them. To the extent Plaintiffs believe the provisions are confusing as drafted, the  
10 Plaintiffs have not asked State Farm to clarify them or proffered different language  
11 they believe is clearer. To the extent the Plaintiffs believe the proposed revisions  
12 will unduly burden or otherwise prejudice them, they have not attempted to explain  
13 how.

14 In sum, the protective order proposed by State Farm will protect State  
15 Farm's legitimate interests while giving Plaintiffs the information they have  
16 requested to pursue their case.

#### 17 **IV. CONCLUSION**

18 State Farm has produced non-confidential responsive documents and has  
19 repeatedly stated it will produce confidential responsive documents pursuant to an  
20 appropriate protective order. To this end, State Farm proposed a modified version  
21 the Court's model order that simply requires that documents produced pursuant to  
22 it can only be used in this action absent a court order, imposes certain requirements  
23 for disposal of documents after litigation has concluded, and requires the parties'  
24 counsel to certify that those requirements have been met. State Farm's other  
25 experiences with Plaintiffs' counsel and the Subpoena issued in this action show  
26 the revisions proposed by State Farm are necessary, and Plaintiffs' reflexive  
27 rejection of them speaks volumes.

28 Based on the good cause shown and consistent with the law, State Farm



1 requests the Court enter the protective order proposed by State Farm, attached as  
2 **Exhibit N** to the Declaration of Daniel T. Balmat, to control the use, dissemination  
3 and disposal of certain categories of State Farm’s documents that contain  
4 confidential commercially sensitive information that is a trade secret, so that State  
5 Farm can complete its production of responsive, relevant and confidential material  
6 to Plaintiffs.

7  
8 DATED: November 26, 2024 PACIFIC LAW PARTNERS, LLP

9  
10  
11 By: /s/MATTHEW F. BATEZEL  
12 MATTHEW F. BATEZEL  
13 DANIEL T. BALMAT  
14 Attorneys for Defendant  
15 STATE FARM GENERAL  
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